

THE INTERNATIONAL DRUG COMPLEX

Repressing the supply of illicit drugs is a counterproductive strategy that encourages illegal entrepreneurs to reorganise their activities and increase their profits.

Part 1 of 2

by Hans T. van der Veen © 1999

European University Institute
San Domenico, Italy

Reprinted with permission from:
Centre for Drug Research (CEDRO)
University of Amsterdam, The Netherlands
E-mail: CEDRO@frw.uva.nl
Website: www.frw.uva.nl/cedro/

DYNAMICS OF CRIME, LAW ENFORCEMENT & THE DRUG ECONOMY¹

The "War on Drugs" is lost, but the struggle continues. In spite of ever-increasing resources dedicated to the reduction of supply and demand of illicit drugs, consumption levels are still rising all over the world. The drug industry is probably the largest and most profitable sector of international crime. The perceived threats of drug consumption and organised crime provide the main justifications for important impulses given in recent years to the development of legislation and the organisation of law enforcement. Drug repression thereby increasingly acquires an international character.

Unilateral, bilateral and multilateral forms of pressure, intervention and collaboration are proliferating between states in the name of suffocating the ever-swelling drug economy. The prohibition regime is thereby, in a rapid pace, extended with the coercive powers of states to intervene in national and international drug markets, but therewith also in the sovereignty of individuals, peoples and countries.

Just as individuals might get addicted to the use of drugs, so the societies in which they live are becoming addicted to the money that is generated in the drug business (OGD, Observatoire Géopolitique des Drogues, 1995:xiii). This seems to be equally true for the agencies that are assigned the task to control it.

The drug war cannot be won, at least not by the state, as long as demand for illicit drugs exists. Instead of keeping drug trafficking and organised crime in check, supply repression is likely to increase the profits of illegal entrepreneurs and to give incentives to the professionalisation of their organisations. Repression-induced scarcity inflates the price of the merchandise; consequently, more people will be attracted to take the risk and enter the business. When governments enhance their efforts to repress the illicit drug industry, remaining drug entrepreneurs will reorganise their activities so as to limit the risk of detection and prosecution.

Supply reduction therefore seems a dead-end strategy, as it is likely to produce little but counterproductive effects on the supply of illicit drugs and on the organisational strength of the trafficker networks it attacks. There are, nevertheless, many other regulative functions for the police and other state agencies that might merit their intervention in controlling the problems related to drug trafficking/distribution and drug use. Such problems are basically related to issues of public health and public order. Ultimately, policies aimed at supply reduction must, at least in accordance with official policy goals, be judged by how they affect consumer demand—through the decreased availability of drugs, through an increase in price or through the deterrent effect of the criminal law (UNDCP, 1997:237). This picture is rather bleak.

Over the last decade, worldwide production of illicit drugs has expanded dramatically. Opium and marijuana production has roughly doubled, and coca production tripled (Perl, 1994:ix). New synthetic drugs find a burgeoning demand in countries all over the world. Nonetheless, what is discussed in the relevant international fora is not so much if drug policies are one the right track, but how more powers and resources can be assigned to law enforcement agencies to suppress the drug trade. Thereby, the prohibition regime is extending its scope towards the financial sector (money laundering), new drugs, the chemical precursor industry and the disruption of organised crime. Moreover, it is increasingly extending its scope across borders.

In public policy debates, human rights and anti-War on Drugs perspectives stand opposed to the belief that only by the strengthening of domestic and international legal

instruments can the necessary conditions for the democratisation of society be brought about (Dorn, Jepsen and Savona, 1996:4). As proponents of legalisation and those of intensified law enforcement vie with one another in the media and political arenas, the two worlds of crime and law enforcement are increasing their grip on society. Both are extending the scope of their activities, professionalising and internationalising their operations. Moreover, they seem to find support in the existence of one another.

To understand the perverse dynamics of both the booming drug industry and the proliferating state powers to control it, it is my contention that more attention should be given to the political and economic interests related to both the drug economy and its control. Equally, the intertwined symbiotic and systemic interactions of the underworld and the underworld, which take shape in the international political economy, need to be more closely scrutinised.

Why people produce, traffic and consume drugs are very complex issues. Money and the power (poverty and marginalisation) that goes with it account for trafficking and much production. But other answers that explain the flourishing of the drug economy must be found in society.

These relate to how a society is structured, how political power is accrued and wielded within it, how economic policy is applied, how the economy performs, and how resistant the cultural fabric is to the use of public office for private gain (Tullis, 1991:2). To understand the policy options and policy choices of governments, we have to consider these factors as well.

Dealing with these drug-related interests and the multifarious and interdependent dimensions of the drug problem presents governments with very complex policy choices. Difficult as the

management of these interests in the domestic domain may be, with the internationalisation of both the drug economy and drug law enforcement this task places governments in far greater difficulties. No matter how good the intentions of drug law enforcement may be, no matter how valuable their outcomes are, they are unlikely to curb the expansion of the drug industry.

It is to this spiralling escalation between two power contenders on different sides of the law that I want to draw attention in this article. My quest is to understand how this failure is produced, why this policy is continued and what its consequences are. Thereby, I mainly try to explain the escalation of the drug war and

understand its underlying dynamics as deriving from structural changes in the global political economy. I thus look at the drug war as a response to the problems states face in dealing with the loss of their authority in a globalising world. Thereby, I focus on the political and economic stakes of drug trafficking and drug control, and analyse the flourishing of both the drug industry and the crime control industry as forms of projecting power and imposing social discipline and as mechanisms of wealth accumulation more adapted to the exigencies of the pursuit of power and plenty in the "new world order". My core

The War on Drugs is actually, in effect, creating an escalation of drug consumption, as well as driving the fast-growing (private) prison industry.

It is also being used to usher in increased surveillance of the population.

point is that misguided assumptions and the instrumentalisation of the War on Drugs, in both domestic and international domains, subvert the goals of the prohibition regime and produce not only unintended but also intended consequences that explain its escalation.

By an incipient theory of the International Drugs Complex (as I label it), I hope to offer a deeper understanding of the mutual dynamics of the expanding drug industry and the extension of repressive state powers, and provide further insights in the looming and actual dangers posed by these forces for the democratisation of societies.

The theoretical concept of the International Drug Complex is chosen in analogy with the theory of the Military-Industrial Complex (MIC), which was broadly used to explain for the longevity of the Cold War, the spiralling arms race, the persistence of ideological antagonisms, 'perverted' priorities in state budgets and interventionist proclivities of big powers' foreign policies (Rosen, 1973:1).

To explain the dynamics underlying these societal events and tendencies, the theory of the MIC focused specifically on relations between the military establishment and the weapons industry, that together, within the social, economic and institutional fabric of specific countries, formed a community of interest powerful enough to lead to such outcomes. Apart from analysing such symbiotic relations between different players with common and interrelated interests (e.g., special-interest groups seeking special attention from the government), the theory of the MIC also focused on more systemic factors that lead to the growth of both the arms industry and the military services. Such systemic factors, the theory asserted, exist within a specific society as well as in the international arena.



In the domestic domain, even where there was no structure of interest mediation between a confederation of business firms and military services, and where the goals of the MIC were merely achieved through innumerable and basically unrelated decisions, still the outcomes of these decisions taken in the pursuit of perceived self-interests led to the growth of both sectors. In the international arena, the theorists of the MIC perceived different, nationally bound, military-industrial complexes to support each other mutually, as the alleged achievements of one party in the Cold War urged the other on to greater heights.

In a similar way in this paper, I try to understand the underlying dynamics of the War on Drugs by focusing on the symbiotic and systemic relations between the drug industry and states' drug control efforts, and from there develop a theory of the International Drug Complex. This theory should help explain the continuation—if not escalation—of the War on Drugs, explain the predominant place the drug issue has attained in domestic and international policies of many states, and provide a deeper understanding of the very dynamics of the drug industry and of the state powers put in place to control it.

I depart from the assumption that by focusing on the political and economic dimensions of the drug industry and drug law enforcement, a more profound understanding can be achieved of the dynamics underlying their mutual expansion. I place the drug industry and law enforcement within the context of both the societies and the international political economy in which they take shape, and thereby try to delineate their interactions and mutual dynamics. To assess the outcomes of their mutual interactions, I focus on the distributional consequences of these interactions within and between societies, stating these intended and unintended consequences in terms of the distribution of power, wealth and security in both domestic and international realms.

Below I develop three closely related themes, through which I aim to illuminate the intertwined dynamics of the drug industry and law enforcement practices, and so provide the building blocks for a theory of the International Drug Complex:

1. The global drug industry—in which I focus on the international division of labour in the drugs business, and on how states' laws and drug control practices might impinge on the industry's organisational structures and the distribution of reward;

2. The political economy of drug law enforcement—in which I focus on the trade-offs between drug repression and broader policy goals of states in domestic and international arenas, and on the mechanisms through which the intertwined dynamics of the forces of crime and punishment influence the distribution of power, wealth and security within and between societies;

3. The International Drug Complex—in which I assess the underlying dynamics of the interactions between the drug industry and drug enforcement practices, and argue that the War on Drugs is driven by similar collusive and systemic mechanisms as those that spurred the Cold War, with possibly no less detrimental consequences for the relations between states and their societies.

As my focus is specifically on the international dimension of

the interactions between the drug industry and law enforcement practices, in the next section I first clarify some of the dominant changes in the international political economy that I see as the necessary background for understanding the escalation of their mutual dynamics.

CRIME AND LAW ENFORCEMENT IN THE NWO

The internationalisation of both crime and law enforcement and therefore also their mutual dynamics are closely related to the changes in the world system, brought about by the end of the Cold War, by globalisation, regional integration and neo-liberal reforms. The transformations these developments and processes gave rise to are manifold. They produced new patterns of hierarchy and dominance in the international system and changed the role of the state in this system. Therewith, we see new forms of sovereignty (e.g., economic, multilateral, multinational) and

changes in the relations between economic and political systems (e.g., deregulation, informalisation, corruption). These changes in the world political and economic system also lead to a diminished separation between the domestic and the international frameworks for policy making and the management of economic affairs (Cherny, 1995; Rosenau, 1992). With these developments, the very basis of the accumulation of power and wealth—and the use of these resources for their protection—takes unprecedented shapes. This is equally true for the forces that try to redistribute these political and economic resources.

Globalisation thus leads to a much more fragmented competition for the sources of power and wealth, in which non-state players exercise an increasingly important role. In this context, the internationalisation of crime and law enforcement takes place. In this context, their interactions take shape. It is also in this context that they influence the international political economy and, therewith, the distribution of power, wealth and security in the international system.

Globalisation, defined as the "intensification of economic, political, social and cultural relations across borders", has to a large extent been facilitated by technological developments, and has further been sustained by economic and political decisions to give international exchanges free way. Together with the partial liberalisation of global markets, globalisation has offered increasing opportunities for the unfettered flow of capital, goods, people and information over the globe. The concomitant increase in the power of market forces and the impact of neo-liberal reforms have debilitated states' capabilities or willingness to regulate and control these flows. With the fall of the Berlin Wall, this globalisation, uneven as it may be, is gaining truly global dimensions.

Paradoxically, together with the further integration of the world society, these developments have also brought about disintegrative forces which, combined with new technological capabilities, offer unprecedented opportunities for the expansion of transnational criminal enterprises. The political turmoil and poverty that came with these changes in the international political economy

The internationalisation of both crime and law enforcement and therefore also their mutual dynamics are closely related to the changes in the world system, brought about by the end of the Cold War, by globalisation, regional integration and neo-liberal reforms.

offer a virulent breeding ground for the drug industry, as increasingly people seek and find in it a way to alleviate economic distress and/or fund their nationalist struggle through criminal enterprise (e.g., Kurdistan, Chechnya, Kosovo).

Globalisation has also fostered the expansion of networks and illegal transactions over the globe. Migratory diasporas link relatively poor, drug-producing countries to consumer markets with far greater spending power. Financial technology makes it easier to hide the proceeds of crime, and increasing trade in general is likely to enhance the opportunities for smuggling and fraud.

Like transnational enterprises, some criminal entrepreneurs in more organised forms extend their transnational operations and the degree to which their authority in world society and the world economy rivals and encroaches upon that of governments (Strange, 1996:110). Mafias, like the Italian N'Drangheta, Camorra and Cosa Nostra, the American Cosa Nostra, the Colombian drug cartels, the Chinese Triads, the Japanese Yakuza

and, more recently, many more-or-less nationally or ethnically based organisations from former Eastern Bloc countries are only the most commonly known examples of criminal networks extending their activities over the globe. Amongst each other they either compete for markets or establish ways to cooperate in their activities. Drugs may or may not be their most rentable product, as they engage in many other legal and illegal activities (arms trafficking, prostitution, extortion, etc.) that often have a much longer record of proven profitability. These activities not only offer them quick profits, but also the means to exert political power.

Organising their resources helps some drug entrepreneurs to establish a power structure to protect themselves, to challenge the authority of states in specific areas or even to supplant or penetrate the power of elites controlling a state. Such developments ultimately may also endanger other sectors of society and the social body in general, where progressively the rule of law and formally regulated relations between states, markets and societies give way to informal arrangements, corruption, violence and intimidation.

Such consequences might, however, be brought about more by the fact that their activities are illegal, than that their organisations are criminal. More than the leverage power that organised crime can attain, it is their untouchability—which comes with the internationalisation of their activities—that makes them such a threat to a state's authority. It is my assertion that where drug entrepreneurial networks cannot be incorporated in local or national political and economic arrangements, their impact on society becomes much more detrimental—a situation that is only worsened as the state increasingly resorts to criminalisation and repressive means to control their activities. In this context, we can see a seemingly contradictory increase in both the importance of specific criminal or criminalised activities and the coercive powers of states (police, military, customs agencies, fiscal and intelligence apparatuses).

Like transnational enterprises, some criminal entrepreneurs in more organised forms extend their transnational operations to the degree that their authority in world society and the world economy rivals and encroaches upon that of governments.

Since the end of the Cold War, the "peace dividend" to a large extent has been absorbed by assigning new tasks to coercive state agencies. In many countries, this was given shape by a rise in expenditure for internal coercion, whereas the cost of defence is increasingly legitimised by the proclaimed need to counter new external threats. In this process, police forces especially have increased their size, their resources and their legal powers. In many countries, the military has also been given tasks in drug repression. The United States in the 1980s and 1990s sufficiently amended the Posse Comitatus Act—which since 1878 had prevented military involvement in civil law enforcement—to engage in drug law enforcement at home and abroad (Bagley, 1992:130, Drug War facts). But also the Dutch, British and French navies are patrolling the Caribbean to interdict drug shipments.

Globalisation and liberalisation thus go hand in hand with new efforts directed at the control and regulation of markets, institutions and societies—notably, those related to illegal drugs and migration and, to a lesser extent, those controlling capital flows (Andreas, 1995). Some of these control mechanisms lie in the remit of state agencies. However, there is also a tendency to hive-off part of the control responsibilities to other levels of political authority as well as to the private sector (Johnston, 1992). Most striking may be a shift from the use of administrative law to criminal law for the maintenance of order in society and the preservation of national security in general. Internal and external security concerns so become increasingly blurred, and therewith the tasks assigned to coercive state agencies to protect the sovereignty of the state.

The challenges to national sovereignty posed by the consequences of globalisation have led many governments to believe that the traditional system for the organisation of criminal justice policy—the system of individual states—no longer suffices to deal with new problems of international crime (Anderson *et al.*, 1995:40). Extending and internationalising state powers, political pressures and foreign interventions in a state's sovereignty, as well as a growing share of populations imprisoned on drug-related charges, lead many people

to perceive law enforcement itself as a threat to liberal society.

Out of the more than one million [now two million; Ed.] people serving terms in United States state prisons, about 59.9 per cent are casual and non-violent drug offenders (Akida, 1997:607). In the United States, of every 100,000 inhabitants, 641 are in prison; in The Netherlands, this figure is 'only' 65 in 100,000 (Belenko, 1998).²

The "Americanisation" of the "War on Drugs" is also taking shape in Europe and other countries. International conventions, mutual assistance treaties and institutional mechanisms, set up under the three pillars of the European integration process, combine with quickly expanding informal networks among police agencies intended to intensify the suppression of the drug scourge (Sheptycki, 1996).

Important changes in the international political and economic system that accelerated in the last decade or two, have offered unprecedented opportunities for legal and illegal trade and for the

redistribution of power and wealth. These developments incite states, or the elites controlling a state, to look for new ways to accumulate such resources, control their societies and manage the interface with the outside world. Liberalising some activities thereby seems to go in parallel with the criminalisation of others. The War on Drugs is becoming one of the main legitimisation venues for states to enhance their capacity to intervene in both national and international domains.

In the next sections, I turn to how political and economic interests and interactions between the illegal drug industry and state drug-control practices shape the dynamics and outcomes of the War on Drugs.

THE DRUG INDUSTRY

Drug trafficking is to a large extent a transnational business. The drug industry consists of various stages: cultivation, refining, transport, distribution, money laundering and investment of proceeds. In every stage of this drug trajectory, from production to distribution, profits are made that are consumed or invested but often demand some form of laundering to conceal their illegal origins.

From the marijuana, coca and poppy fields to the refining laboratories and further on to the consumers, the drugs pass through many different routes of transport and distribution. They thereby cross many territorial frontiers, formal and informal jurisdictions. More sophisticated laundering techniques, equally, use an elaborate international network of financial institutions, trade and investment firms to hide and invest the drug profits. The various stages of the drug trajectory and the linking of these stages involve the participation and sometimes organisation of a great many different people to see to the proper execution of activities, including protection against the encroachment of law enforcement agencies and competitors.

The transnational dimension of the drug industry therefore is not only a function of the territorial distance between major production and consumption regions. It also consists of the links that are made through networks and organisations with diverse homebases that sometimes develop transnational operations. Thereby, differences in countries' legislations and law enforcement capabilities shape the opportunities for drug entrepreneurs to evade the risks of interdiction and prosecution and prop the flourishing of their business.

The variety of laws and systems of control and criminalisation throughout the world, and the disparities in ability and determination to control the drug problem displayed by various countries, enable major drug traffickers to take advantage of the weak points in such a patchwork (Van der Vaeren, 1995:350).

However, we might as well reverse this perspective, which then would suggest that a state's political and/or economic interests demand it to create "weak points" or shield niches in which one or more of the stages of the drug trajectory can flourish (like coffee shops, bank secrecy, self-regulating stock markets, etc.).³

Such features explain the existence of a very dynamic international division of labour in the drug industry. Production centres

for 'natural' drugs (marijuana, coca, opium and their derivatives) can particularly be found in the Golden Triangle of South East Asia, the Golden Crescent in West Asia, some Middle East and Maghreb countries and in Latin America. These regions compete increasingly with each other, with emerging production areas in former Eastern Bloc countries and with producers in the Western world where synthetic drugs (ecstasy, amphetamines) are produced. To this list can be added many other countries where drug entrepreneurs try to conquer a niche in national and international drug markets. Some of these have an important transit function for drugs heading to the most lucrative consumer markets in the United States and Europe. Others find a gainful role in the laundering and investment of drug profits, thanks to "liberal" banking regulations (secrecy, confidentiality and financial investment tools). We thus deal with a very heterogeneous competition, where different drugs, different drug entrepreneurs/trafficking groups and diverse jurisdictions compete for market shares in many if not all of the subsequent stages of the drug trajectory.

According to a recent estimate of the UNDCP (United Nations Drug Control Program), the global illegal drug industry comprises

Repression of the drug trade not only contributes to the growth of the drug economy but also incites a redistribution of the income from the trade.

about eight per cent of international trade (UNDCP, 1997). Its estimated annual turnover of US\$400 billion constitutes a large share of the income from illegal activities worldwide, which the UN believes to be US\$1,000 billion. But how to assess such data? Reminiscent of very distinct calculations like the global accumulated production of razor blades (said to be enough to cover the surface of the Earth), we see that what matters more than aggregate numbers is the distribution of such profits and their rents in terms of power and wealth and their overall impact on societies.

The drug industry does constitute the backbone of many national and local economies, directly and indirectly offering income and employment opportunities for millions of people around the globe. They serve the demand of many more. Countries like Bolivia, Morocco, Mexico and Afghanistan derive incomes from this industry that pair with their formal export income. Morocco earns an estimated US\$5.75 billion, or 20 per cent of its gross national product from the production and export of cannabis and hashish (Ouazzani, 1996:122), supplying the lion's share of Europe's demand for these products. The Mexican drug economy, based chiefly on the export of homegrown marijuana and poppy derivatives and the transit of Colombian cocaine to the United States, is valued at more than US\$20 billion. Important as the contributions of this illicit enterprise may be to overall income and employment levels, the real impact should be measured in relation to its effect on the economy at large, the distribution of its proceeds and the social costs in terms of health, safety, political transparency, etc.⁴

Such aggregate data for developing countries—estimative and fluctuating as they are, as an indication of the wealth and power that might be derived from criminal sources—pale in comparison with the late-1980s consumer expenditures on illicit drugs in the United States alone. These likely exceeded the total gross domestic product of 88 different countries (cited in Tullis, 1995:2; 80

countries in Akida, 1997). This tells us that probably the greater part of drug turnovers never leaves the main consumption countries, as they are likely to offer the most lucrative investment opportunities.

To assess the economic power and political influence of drug entrepreneurs, and therewith the strategies that states adopt to intervene in drug markets, it is paramount to know how these criminal markets are organised, how drug entrepreneurs confront or collide with the legislation and political economy of their countries of origin, and the scope of activities of the players involved.

The organisation of the drug trajectory involves the linking of the different stages of the drug industry. In spite of much police rhetoric, common wisdom is not very conclusive about the extent of horizontal or vertical integration of the drug trajectory. Are we dealing with organised crime or with disorganised crime?⁵

Such organisational characteristics to a large extent determine the distribution and accumulation of wealth derived from the industry. As the lion's share of, for instance, cocaine profits is made in American cities, it makes an enormous difference to Colombian traffickers if they can control the upstream gold mine of the retail part of the drug trajectory or whether they have to content themselves with wholesale profits they can make through transactions in Colombia, Mexico or the United States. Wholesale profits may still be considerable but rather insignificant compared to the turnover made at the retail end.⁶

It is clear that law enforcement can play a role in disrupting the drug trajectory, and in so doing can bring about important shifts in

the distribution of drug profits. This works not only by taking people out and so creating market space for new entrants (which can be individual entrepreneurs, institutions or whole regions), but also by increasing the cost of maintaining links in the drug trajectory.⁷

Drug repression drives up the prices and so gives an enormous impulse to the profitability of the product and the services rendered to the drug industry. Drug entrepreneurs, be they poppy-growing farmers in Pakistan, transport companies in Turkey or laundering exchange offices in The Netherlands, have to protect themselves against prosecution by investigation services and against competitors. The costs to decentralise production, bribe state officials, hire protection, create well-camouflaged transport facilities or convince bankers to take a certain risk, increase with the intensity of repression.

Repression of the drug trade thus not only contributes to the growth of the drug economy but also incites a redistribution of the income from the trade.

Taking this competition in the drug business and the effects of state intervention on the division of labour in the drug industry as a starting point, I now focus on the mechanisms through which the interactions between states' drug enforcement practices and the drug industry become part of more general efforts in the national and international domains to redistribute power, wealth and security.

Continued in the next issue of NEXUS...

Endnotes

1. My greatest thanks are due to Yasemin Soysal, Marnix Croes, Gianfranco Poggi and Anne Wegner for reading and criticising an earlier draft of this article. In a more morphological sense I may be indebted to Peter Andreas, whom I find sharing similar approaches and concerns towards the underlying dynamics and consequences of the War on Drugs.

2. Between 1980 and 1996, the number of inmates in the United States more than tripled from 501,886 to 1,700,661 (Belenko, 1998:53). One in 50 American men are in prison; one in 20 are on parole or probation. In 1993, one in three black Americans who did not finish high school were in prison (ESB, 26 June 1996). The number given by Mauer (1997) for drug offenders in American State and Federal prisons is substantially lower than that provided by Akida. However, he also notes a considerable shift in law enforcement priorities towards drug law enforcement. According to his data, from 1985 to 1994 drug offenders accounted for more than a third (36%) of the increase in the number of offenders in state prisons and more than two-thirds (71%) of the increase in federal prisoners. One of the largest increases in arrests has been for violation of laws prohibiting drug sales, distribution and possession—up 154% during this time period, from 580,900 to 1,476,100 (Belenko, 1998:55). [Editor's note: In February 2000, the USA's two-millionth prison inmate was announced.

According to the November Coalition, the prison population has 500,000 non-violent drug offenders. As investigator Duncan Campbell reports, the US comprises 5% of the global population, yet is responsible for 25% of the world's prisoners. See *Guardian Weekly*, UK, 17-23 February 2000.]

3. Naylor (1987) describes extensively how governments and financial institutions compete with one another to attract international flows of hot and/or dirty money to shore up bank liquidity or foreign exchange reserves.

4. The literature embarking on such assessments is extensive, especially for producing countries. See, for example, *Studies on the Impact of the Illegal Drug Trade* (six volumes), undertaken by the UN Research Institute for Social Development (UNRISD) and the United Nations University.

5. For a discussion of 'models' of the criminal firm, see, for example, Peter Reuter (1983) and Joseph Albin in Thomas Mieczkowski (ed.) (1992). Thomas Naylor (1995) points at the important distinction to be made between forms of organisation to participate in the market and organisation to control the market.

6. An example of one of the few studies that analyses cocaine as a transnational commodity chain can be found in Wilson and Zambrano (1994). They assess that most profits (87%) remain in drug-consuming countries. They also note the

selective nature of US drug policy, that distributes the risk of participation in the trade unequally throughout the cocaine commodity chain as it overlooks or underfunds investigation into the formal sectors (provision of key components like chemicals, airplanes, arms and communication equipment) and core countries' roles in the drug trade (money laundering, distribution networks).

7. For example, the US Drug Enforcement Administration estimates that in 1993 the Colombian drug cartels spent 23% of their profits on laundering the hard-earned drug money, up from 6% in the late 1980s (Foust and DeGeorge, 1993).

Editor's Notes:

- Due to space constraints, we will publish the author's bibliography in our next issue, June-July 2000. Meantime, interested readers can check the CEDRO website or follow the link from the NEXUS website.
- Hans T. van der Veen's article is reprinted with permission from CEDRO, the Centre for Drug Research (Centrum voor Drugsonderzoek) at the University of Amsterdam, Nieuwe Prinsengracht 130, 1018 VZ Amsterdam, The Netherlands, telephone +31 (20) 525 4061 /4280 /7432, fax +31 (20) 525 4317, e-mail CEDRO@frw.uva.nl, website www.frw.uva.nl/cedro/.